

For Immediate Release



FORTRESS PAPER ADOPTS SHAREHOLDER RIGHTS PLAN

VANCOUVER, British Columbia, January 16, 2017 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) announces that its board of directors has adopted a shareholder rights plan (the "**Rights Plan**").

The Rights Plan has been adopted to ensure, to the extent possible, that all shareholders of the Company are treated fairly and equally in connection with any take-over bid or other acquisition of control of the Company. The Rights Plan has not been adopted in response to any specific take-over bid or other proposal to acquire control of Fortress Paper and Fortress Paper is not aware of any such pending or contemplated proposals.

At the close of business today, one right will be issued and attached to each common share of Fortress Paper outstanding at such time. The rights will automatically attach to the common shares and no further action will be required by shareholders. A right will also automatically attach to each common share of Fortress Paper issued hereafter.

Subject to the terms of the Rights Plan and to certain exceptions provided therein, the rights will become exercisable in the event that any person, together with joint actors, acquires or announces its intention to acquire 20% or more of the Company's outstanding common shares without complying with the "Permitted Bid" provisions of the Rights Plan or in circumstances where the application of the Rights Plan is waived in accordance with its terms. The "Permitted Bid" provisions prevent the dilutive effects of the Rights Plan from operating if a take-over bid is made to all holders of common shares of the Company (other than the bidder) by way of a take-over bid circular that remains open for acceptance for a minimum of 105 days and satisfies certain other conditions. In circumstances where a take-over bid does not comply with the requirements of the Rights Plan or where the application of the Rights Plan is not waived in accordance with its terms, the rights holders (other than the acquiring person and joint actors) will be entitled to purchase additional common shares of the Company at a significant discount to the market price.

The Rights Plan has been conditionally approved by the Toronto Stock Exchange and is subject to ratification by the shareholders of the Company within six months of its effective date. The Company intends to recommend the ratification of the Rights Plan for approval by its shareholders at the next annual meeting of shareholders to be held in 2017. If ratified by the shareholders, the Rights Plan will have an initial term of three years. If the Rights Plan is not approved by the shareholders within six months of the effective date of the Rights Plan it, together with the outstanding rights, will terminate and cease to be effective.

A copy of the Rights Plan agreement will be made available under the Company's profile on SEDAR at www.sedar.com.

About Fortress Paper

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Company operates its dissolving pulp business at the Fortress Specialty Cellulose mill located in Canada, which has expanded into the renewable energy generation sector with the construction of a cogeneration facility. The Company operates its security paper products business at the Landqart Mill located in Switzerland, where it produces banknote, passport, visa and other brand protection and security papers.

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